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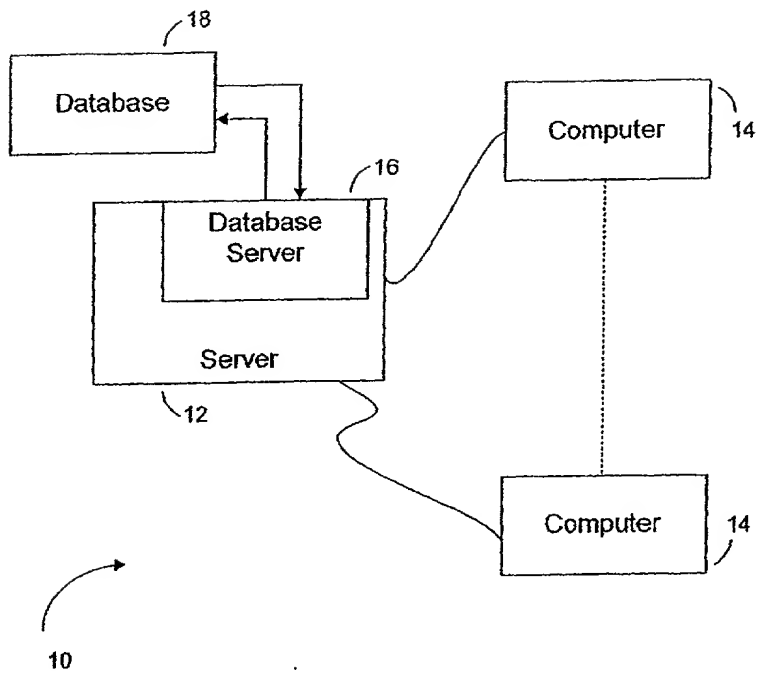


FIG. 1

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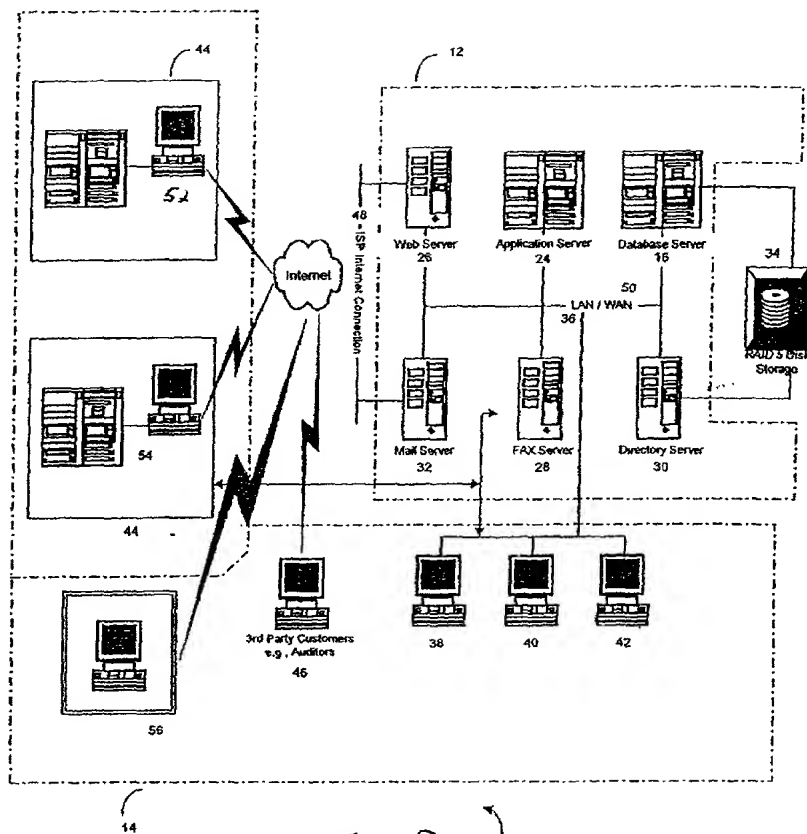


FIG. 2

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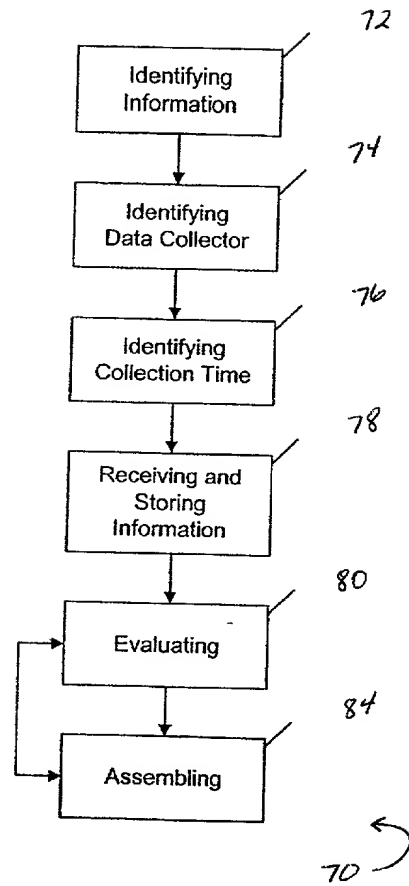


FIGURE 3

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### Pre-Proposal Information Request List

#### Financial

- \_\_\_\_\_ 3-5 years (minimum of 5 years and through last recession if cyclical business and cash flow deals) historical audited financials (include annual reports if applicable)
- \_\_\_\_\_ Historical monthly financials including income statements, balance sheets, and cash flow statements for last fiscal year and through year to date (only require interim financials and comparables for cash flow transactions unless business is seasonal)
- \_\_\_\_\_ Projected monthly (not needed for cash flow transactions unless business is seasonal) and annual financials including income statements, balance sheets, and cash flow statements for the term of the contemplated facility

#### Collateral Information

- \_\_\_\_\_ Current Borrowing Base Certificate if available
- \_\_\_\_\_ Any other collateral monitoring reports company provides current lender

#### Accounts Receivable

- \_\_\_\_\_ Most recent A/R aging
- \_\_\_\_\_ Top ten largest customers by sales volume for last 12 months

#### Inventory

- \_\_\_\_\_ Inventory perpetual by location and inventory class (i.e., Raw Materials, WIP, and Finished Goods) as of most recent month end
- \_\_\_\_\_ Type and amount of inventory reserves on books

#### Fixed Assets

- \_\_\_\_\_ Detailed listing of fixed assets including age and original cost vs. depreciated amount (break out of Real Estate vs. Machinery and Equipment)
- \_\_\_\_\_ Recent appraisals if available
- \_\_\_\_\_ Environmental reports if available (Phase I and II)

#### Other

- \_\_\_\_\_ Company history/narrative
- \_\_\_\_\_ Industry overview/competitive environment
- \_\_\_\_\_ Market share and rank
- \_\_\_\_\_ Corporate structure
- \_\_\_\_\_ Sources and uses of funds at close
- \_\_\_\_\_ List of competitors
- \_\_\_\_\_ Tax liabilities
- \_\_\_\_\_ Accounts payable aging

**NOTE:** Less Detail On Collateral Required For Cash Flow Deals.

FIG 4

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Credit File  
Table of Contents

File folder:			Provider	Received	
Credit	Legal			Yes	N/A
✓		1 Most recent A/R aging.	O		
✓		2 Top ten largest customers by sales volume for last 12 months.	O		
✓		3 3-5 years of historical bad debt write-offs.	O		
✓		4 Dilution for Last 5 years	O		
✓		5 Sales Brochures and Other Descriptive Information	O		
✓		6 Recent Appraisals	O		
✓		7 Historical Monthly financials including income statements, balance sheets, and cash flow statements for last fiscal year and through year to date	O		
✓		8 [REDACTED]	O		
✓		9 [REDACTED]	O		
✓		10 [REDACTED]	O		
✓		11 [REDACTED]	O		
✓		12 [REDACTED]	O		
✓		13 Strategic Plans, Business Plans, Analysis of Acquisition	U		
✓		14 Historical Capital expenditures and Depreciation	U		
✓		15 Market share and rank	U		
✓		16 Sales and Gross Margin by Product Line	U		
✓		17 List of competitors	U		
✓		18 Copies of product warranties	U		
✓		19 Major or Government Contracts	U		
✓		20 Environmental Audits	U		
✓		21 Description of capitalization policy	U		
✓		22 Listing of all Material Real Estate and Asset Holdings by Legal Entity Including: Owned w/ Appraisals or Leased w/ Terms, location, Brief Description, Detail on Retail Facilities and Distribution Centers	U		
✓		23 Significant Long Term Leases	U		
✓		24 3-5 years (minimum of 5 years and through last recession if cyclical business and cash flow deals) historical audited financials (by Subsidiary or Division) (include annual reports if applicable)	U		
✓		25 Projected monthly (not needed for cash flow transactions unless business is seasonal) and annual financials including income statements, balance sheets, and cash flow statements for the term of the contemplated facility.	U		
✓		26 Current Interim Financials vs. Last Year Interim	U		
✓		27 Audit Report (Including following:)	A		
✓		Audit Date, FYE, & Prior Audit Date	A		
✓		Sales by Customer Summary	A		
✓		Summary of Notes Receivable	A		
✓		Summary of Customers With Extended Terms	A		
✓		Summary of O/S Letters of Credit	A		
✓		Summary of Insurance Policies	A		
✓		Summary of Significant Leases	A		
✓		Summary Of Purchases by Vendor	A		
✓		Client Prepared Report (Inv > 12 months sales/usage)	A		
✓		Summary (Inv. values by location)	A		
✓		Summary (Inv. values by product line/class)	A		
✓		Summary of Cash Management system (inc. bank accts/numbers)	A		
✓		Top ten largest customers by sales volume for last 12 months.	A		
✓		3-5 years of historical bad debt write-offs.	A		
✓		Dilution calculation for Last 2 years	A		
✓		Copies of product warranties	A		
✓		Major or Government Contracts	A		
✓		Environmental Audits	A		
✓		Description of capitalization policy	A		
✓		Significant Long Term Leases	A		
✓		28 Most recent A/R aging. (On Disk)	A		
✓		29 Inventory perpetual by location and class (R.M., WIP, and F.G.) as of most recent month end (On Disk)	A		
✓		30 Management letters prepared by the external auditors for the last two years	A		
✓		31 Tax Returns for the last one to three years	A		
✓		32 Year 2000 checklist (to be completed by client at the commencement of the audit)	A		

FIG 5

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**Legal Documentation File  
Table of Contents**

File folder:			Received		
Credit	Legal		Provider	Yes	N/A
	✓	33	Intercreditor and Subordination Agreements	U	
	✓	34	Existing Litigation	U	
	✓	35	Outstanding Warranties and Guarantees	U	
	✓	36	Commitments and Understandings - Written and Oral	U	
	✓	37	Supply Agreements and Trust Agreements	U	
	✓	38	Non-Competition Agreements and Agreements restricting any of the Co.'s	U	
	✓	39	License / Franchise agreements relating to Trademarks, Trade names, Copyrights, Patents, Technology, etc	U	
	✓	40	Material Permits, Licenses, Consents, and Authorizations required to conduct the business	U	
	✓	41	Amounts/Costs of Regulatory Issues	U	
	✓	42	Agreements (Intercreditor and Mortgages) relating to Liens, Security interests, or Encumbrances on any assets	U	
	✓	43	All Employment, Consulting, Deferred Compensation, Bonus, Severance, Profit Sharing, Stock option or Similar Plans or Agreements Affecting any Employee (see Bus D.D.)	U	
	✓	44	All Contracts Not in the Ordinary Course of Business	U	
	✓	45	All Agreements with any Member of Senior Management (see Bus D.D. - Management)	U	
	✓	46	All Benefit Plans and all Amendments thereto	U	
	✓	47	All Material Communications to or from the IRS, the Dept. of Labor or the Pension Benefit Guaranty Corp. relating to any benefit plan	U	
	✓	48	Tax liabilities	U	
	✓	49	Commitment Letter Detailing Terms, size, etc.	U	
	✓	50	Results of "Loan Documentation Questionnaire"	U	

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FIG 6



# APPENDIX A

## MASTER DUE DILIGENCE CHECKLIST

Date Needed	Collected	Information Required	Source	Person Responsible
		<u>BUSINESS DUE DILIGENCE</u>		
		<p><b>CAPITAL STRUCTURE</b></p> <ul style="list-style-type: none"> <li>Who are Creditors of Borrower</li> <li>What Type of Debt (Senior, Subordinate, Convertible)</li> <li>Interest Rates and Expiration Dates on other Debt</li> <li>Assets Available for Security</li> <li>Security held by other debt</li> <li>Copy of latest Borrowing Base Certificates</li> <li>Which Entity is Legally Borrower</li> <li>Any Intercompany Borrowing</li> </ul> <p><b>OWNERSHIP/CORPORATE STRUCTURE</b></p> <ul style="list-style-type: none"> <li>List of all Major Shareholders showing Number of Shares of each class (Common or Preferred), and whether shares are Owned by: Employees, Officers or Directors either Directly or Beneficially</li> <li>Describe Any Loans or Advances To/From Owners or Employees</li> <li>Legal Corporate Structure; Which Entity is Legal Borrower</li> </ul> <p><b>WHAT IS THE COMPANY'S BUSINESS?</b></p> <ul style="list-style-type: none"> <li>Products / Services / Markets</li> <li>Uses of Products / Services</li> <li>Distribution Network</li> <li>Legal Protection (Patents, Trademarks, Copyrights, etc.)</li> <li>Product Emphasis</li> <li>Primary Consumer</li> <li>Other Distinct Characteristics</li> </ul> <p><b>WHAT IS THE HISTORY OF THE COMPANY?</b></p> <ul style="list-style-type: none"> <li>Incorporation Date</li> <li>Founders</li> <li>Current Organization Charter</li> <li>Certificates of Articles of Incorporation and by-laws of the Company and each of its Subsidiaries</li> <li>Product Development / Technological Advances</li> <li>Material Changes in Customers / Management</li> <li>Relocations</li> <li>Key Growth Stages</li> <li>Previous Changes in Ownership</li> <li>Increases / Decreases in Employment</li> <li>Changes To Strategic Direction</li> <li>Significant Construction of Facilities, Purchase Of Equipment Business, Acquisitions / Divestitures</li> <li>Review Discontinued Operations, if any</li> </ul>		Originator



## MASTER DUE DILIGENCE CHECKLIST

Date Needed	Collected	Information Required	Source	Person Responsible
		<p><b>WHAT ARE COMPANY STRENGTHS?</b></p> <ul style="list-style-type: none"> <li>• Determine what Management feels to be their Products Strong Points</li> <li>• Consistent Profitability</li> <li>• Low Cost Producer</li> <li>• Strong Market Position / Niche Position</li> <li>• Strong Sales Force / Distribution</li> <li>• Strong Management Team - Track record</li> <li>• Product Image / Quality / Brand Identity</li> <li>• Leadership in Innovative Design</li> <li>• Excellent Manufacturing Facility and Labor Force</li> <li>• Strong Customer Base</li> <li>• Sales Growth</li> </ul> <p><b>WHAT ARE COMPANY WEAKNESSES?</b></p> <ul style="list-style-type: none"> <li>• Determine what Management feels to be their Products Weaknesses</li> <li>• Profitability</li> <li>• General Management</li> <li>• Asset Management</li> <li>• Company Size</li> <li>• Growth Potential</li> </ul> <p><b>DETAILED DESCRIPTION OF PRODUCT (OR SERVICE)</b></p> <ul style="list-style-type: none"> <li>• Basis of Competition / Competitors</li> <li>• Potential For Obsolescence</li> <li>• Need for Product Line</li> <li>• Sales Brochures and Other Descriptive Information</li> </ul> <p><b>SIGNIFICANT NEW PRODUCTS</b></p> <ul style="list-style-type: none"> <li>• New Products Recently Developed</li> <li>• New Products in Developmental Stage</li> <li>• Prototype and Full Stage Production Schedules</li> <li>• 3-Year Projections of Sales and Profit of New Product</li> <li>• Projected Competition</li> <li>• Impact on Short Term Cash Flow</li> <li>• Relative Advantages of New Product</li> <li>• Capital Expenditures and Patent Coverage For New Products</li> <li>• Estimated Percentage of Current Year's Sales Accounted for by Products Introduced By The Company Within The Past Five Years</li> </ul> <p><b>MAJOR CUSTOMERS (ALSO SEE AUDIT-A/R)</b></p> <ul style="list-style-type: none"> <li>• Description of Typical Customer</li> <li>• Special Arrangements Given To Any Customer</li> <li>• Customers Serviced By in-house Salesmen Vs. Outside</li> </ul>		

## MASTER DUE DILIGENCE CHECKLIST

Date Needed	Collected	Information Required	Source	Person Responsible
		<p>Distributors or Outside Representatives</p> <ul style="list-style-type: none"> <li>Existence of Major or Government Contracts</li> <li>Backlog Reports for current month and Same Period Last Year</li> <li>Non-Arm's-Length Transactions</li> </ul> <p>SUPPLIERS</p> <ul style="list-style-type: none"> <li>Top 10 Suppliers</li> <li>Major Suppliers and Alternative Sources for Materials</li> <li>Financial Condition of Major Suppliers</li> <li>Procedures to Evaluate Supplier Performance</li> <li>Future Availability of Material Needs</li> <li>Trend for Past Three Years</li> <li>"Special" Buying Arrangements</li> <li>Raw Materials or Products Supplied</li> <li>Effect of Volatile Raw Materials Costs on Product Pricing</li> <li>Recent Trends of Principal Materials Used in Production</li> <li>Contractual Supply Arrangements</li> <li>Capacity Constraints</li> <li>Long Term Commitments for Materials</li> <li>Percent of Supplies Imported vs. Domestic</li> <li>Sources and Availability of Utilities, and prospects for increases in the Costs of Utilities</li> </ul> <p>MARKETING</p> <ul style="list-style-type: none"> <li>Methods of Distribution</li> <li>Number of Sales People and Compensation</li> <li>Names and Location of Distributors</li> <li>Amount of Business Done by Each Distributor</li> <li>Company and Industry Pricing Policies</li> <li>Cyclicalities</li> <li>Product Life Cycle</li> <li>Geographic Areas</li> <li>Any Marketing Studies with respect to Industry, Company Acquisitions or Divestitures within the last two years</li> <li>Price Trends for Major Products/Services</li> </ul> <p>PRODUCTION-QUALITY OF PRODUCTS / SERVICES</p> <ul style="list-style-type: none"> <li>Built-in Control</li> <li>Inspection Controls</li> <li>Production Statistics For Substandard Vs. Deliverable Products</li> <li>Product Return Experience</li> <li>Describe Product Warranty Provisions and Procedures</li> </ul> <p>FACILITIES</p> <ul style="list-style-type: none"> <li>Addresses</li> <li>Sizes</li> </ul>		

## MASTER DUE DILIGENCE CHECKLIST

Date Needed	Collected	Information Required	Source	Person Responsible
		<ul style="list-style-type: none"> <li>• Collateral Value of Assets at each site</li> <li>• Terms of Lease or Mortgage</li> <li>• Age of Location</li> <li>• Options for Renewal</li> <li>• Description of Facilities</li> <li>• Process: Manufacturing or Assembly</li> <li>• Functional Capacity Per Plant and Existing Usage</li> <li>• Availability For Expansion</li> <li>• Prior Appraisals</li> <li>• Maintenance Policy</li> <li>• Significant Long Term Leases</li> <li>• Closed Facilities or Excess Property or Equipment that Should be Disposed of and Approximate Market Value</li> <li>• Restrictions on the Sale of Property subject to Credit, Mortgage, Lien, Pledge or Other Encumbrances</li> </ul> <p><b>EXPANSION/DOWN SIZING PLANS</b></p> <ul style="list-style-type: none"> <li>• Projected Expenditures For New Facilities, Equipment, Products, and People</li> <li>• Amount and Timing of Expenditures</li> <li>• Historical Capital Expenditures</li> <li>• Number of Stores Closing &amp; Projected Cost Savings</li> </ul> <p><b>RESEARCH AND DEVELOPMENT</b></p> <ul style="list-style-type: none"> <li>• Historical Expenditures</li> <li>• Results For Past Three Years</li> <li>• Estimates For Next Three Years</li> <li>• Qualifications of Personnel Involved</li> <li>• Facilities Utilized</li> <li>• Number and Value of Patents Involved</li> <li>• Number Of Patents Pending Due to Research and Development</li> <li>• Warranty Expense History</li> </ul> <p><b>MANAGEMENT FACTS</b></p> <ul style="list-style-type: none"> <li>• Names of President, Vice President, General Managers, Plant Managers, and Department Heads, with Addresses, Ages, Background, Affiliations and Responsibilities</li> <li>• List of top 10 Compensated Employees for previous years</li> <li>• Lines of Succession Plans</li> <li>• Compensation: How much and How determined, Fringe Benefit Programs</li> <li>• Salary Increases over the last three fiscal years, over 10%</li> <li>• Depth of Management</li> <li>• Industry Reputation</li> <li>• Moral of Management</li> <li>• Ages</li> <li>• % Ownership</li> <li>• Length of Time With Company</li> </ul>		

## MASTER DUE DILIGENCE CHECKLIST

Date Needed	Collected	Information Required	Source	Person Responsible
		<ul style="list-style-type: none"> <li>• Resumes of Key People, Including Education and Work Experience</li> <li>• Copy of Employment Contracts for Key Management Employees, if any</li> <li>• Nepotism, and Age of Employee</li> <li>• Incentive Plans</li> <li>• List all Employee and Severance Agreements, Management and Consulting Contracts</li> <li>• Any Management Incentive Plans, Perquisites, Contracts or arrangements, including any Non-Qualified arrangements, Stock Options, Retirement Plans and Vacations</li> <li>• Minutes of Stockholders, Directors, Audit Committee and Finance Committee Meetings</li> </ul> <p>MANAGEMENT INFORMATION SYSTEMS</p> <ul style="list-style-type: none"> <li>• Describe Reporting Process/Frequency (Financial/Operational)</li> <li>• Degree of Sophistication</li> </ul> <p>EMPLOYEE RELATIONS</p> <ul style="list-style-type: none"> <li>• Percent Union Vs. Non-Union</li> <li>• Turnover Rate</li> <li>• Local Labor Market</li> <li>• Technical Requirements</li> <li>• Compensation System, the number of shifts in operation, Regular Hours and Overtime Hours incurred</li> <li>• Fringe Benefits</li> <li>• Pension Funds Costs and Funding Status</li> <li>• Profit-sharing Contributions</li> <li>• Comparative Wage Scales and Fringe Benefits</li> <li>• Status of Existing Union Contracts, if any</li> <li>• Major Terms of Union Contracts</li> <li>• History of Union Disputes / Work Interruptions</li> <li>• Years in which Major Labor Contracts Expire</li> <li>• Pressures for Significantly Upward Labor Adjustments</li> <li>• Hourly Rates Compared to Significant Competitors</li> </ul> <p>ENVIRONMENTAL</p> <ul style="list-style-type: none"> <li>• What Company believes to be its Principal Environmental and Occupational Safety and Health Liabilities and how they are being managed</li> <li>• Investments made by Company's budget for Environmental matters</li> <li>• Investments made to Respond to Environmental Concerns</li> <li>• Any Environmental Audits</li> </ul>	<p>Reports Articles, Catalogs</p>	

## MASTER DUE DILIGENCE CHECKLIST

Date Needed	Collected	Information Required	Source	Person Responsible
		<p><b>GENERAL</b></p> <ul style="list-style-type: none"> <li>• All Public Filings within last Two Years</li> <li>• List of Names, Addresses and Telephone numbers of In-house and Outside Legal Council, Insurance Agents &amp; CPA's</li> <li>• Any Similar Companies in GECS Portfolio</li> <li>• Any Liquidations done in Co.'s Industry</li> <li>• Conflicts of Interest Concerns</li> <li>• Inter-corporation Holdings</li> <li>• Factors Critical to Co.'s Profits including: Product Demand, Competition, Raw Materials, etc.</li> <li>• Quantify the Amount of Material, Labor and Overhead in the Co.'s Product/Services</li> <li>• All Material Operating Licenses, Permits, consents and Patents, with expiration period</li> <li>• Recent Property Appraisals, Tax Assessments, Valuations, and Relation to Original Costs</li> <li>• Identify Principal Methods of Product Distribution</li> <li>• Company Proxy Materials during last 5 years, if any</li> <li>• Agreements with Investment Bankers, Finders, etc. with respect to proposed transactions</li> <li>• Unusual Business Practices inherent within Industry including: Historical and Projected Growth and Profitability, Stability, Regulatory Environment, Competition from Outside the Industry, Internal Industry Competition, Patents or other Property Rights, New Technology or Manufacturing Processes, Marketing Strategies, Product Acceptance and Customer Service, Labor Relations, Seasonality and Integration within Industry</li> </ul> <p style="text-align: center;"><u>INDUSTRY DATA</u></p> <p><b>INFORMATION ON MAJOR COMPETITORS</b></p> <ul style="list-style-type: none"> <li>• Names</li> <li>• Addresses</li> <li>• Ownership</li> <li>• Size / Growth</li> <li>• Financial Strength</li> <li>• Nature of Products</li> <li>• Comparative Prices and Description of Quality</li> <li>• Method of Distribution</li> <li>• Advantages of Seller's Products / Services</li> <li>• Market Value Information Where Publicly Owned</li> <li>• Potential Competition on Short Term or Long Term Basis</li> <li>• Geographical Breakdown of Competition</li> <li>• Competitive Strengths / Weaknesses</li> <li>• Acquisition Orientation</li> <li>• Market Shares / Trends</li> <li>• Robert Morns data for industry</li> </ul>		

Check with origination before requesting information in these sections

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## MASTER DUE DILIGENCE CHECKLIST

Date Needed	Collected	Information Required	Source	Person Responsible
		<ul style="list-style-type: none"> <li>• Multiples for Similar Companies</li> <li>• Significant trends within Industry</li> <li>• Major Competitors within Industry</li> <li>• Barriers to Competitors</li> <li>• Any Unusual Business Practices Inherent within the Industry</li> <li>• Major Opportunities or Problems that are being addressed in the Marketplace</li> <li>• Identify the Standard Industry Code (SIC) of the company</li> <li>• Key Business and Industry Ratios</li> </ul>		
		INDUSTRY TRENDS AND DEVELOPMENTS		
		<ul style="list-style-type: none"> <li>• Critical Success Factors</li> <li>• Industry Consolidation/Expansion - Reasons and Examples</li> <li>• Relationship of Foreign Competition to Domestic Competition-Joint Ventures</li> <li>• Current/Potential Advantage of Foreign Competition</li> <li>• Pricing Structure of Industry</li> <li>• Methods of Distribution</li> <li>• Demographic Changes</li> <li>• Pricing Policies</li> <li>• Industry Capacity and Usage</li> <li>• Availability and Cost Projections of Raw Materials</li> <li>• Studies and Analysis of Industry Completed During Past 3 Years</li> <li>• Government Activity in Industry-Regulations, Assistance Subsidies, and Research Sponsored Programs</li> <li>• Substitute Risk</li> <li>• Technological Risk</li> </ul>		
		<u>OTHER LIABILITIES, OBLIGATIONS</u>		
		CONTINGENT LIABILITIES		
		<ul style="list-style-type: none"> <li>• EPA, Results of Phase I</li> <li>• Guarantees</li> <li>• Commitments and Understandings - Written and Oral</li> <li>• Equipment and Other Off-Balance-Sheet Financing</li> <li>• Terms</li> <li>• Amounts/Costs of Regulatory Issues</li> <li>• Penalties</li> <li>• Conditions</li> <li>• Copies of any Product Warranties and Method of Accruing Warranty Expense</li> <li>• Report/Analysis of Estimated Costs Related to Regulatory Issues, if any</li> </ul>		
		LITIGATION (ALSO SEE LEGAL DUE DILIGENCE)		
		<ul style="list-style-type: none"> <li>• Existing Litigation/Attorney Rep Letters for Last 2 Years</li> <li>• Plaintiff/Defendant</li> </ul>		

## MASTER DUE DILIGENCE CHECKLIST

Date Needed	Collected	Information Required	Source	Person Responsible
		<ul style="list-style-type: none"> <li>• Amount</li> <li>• Progress of Lawsuit</li> <li>• Estimated Date for Past Litigation during Past 5 Years</li> <li>• Pending or threatened Lawsuits</li> <li>• List of Pending and Attorney Representation Letters for the Last 2 years</li> </ul> <p style="text-align: center;"><u>STRATEGIC PLAN</u></p> <p>OPPORTUNITY ASSESSMENT</p> <ul style="list-style-type: none"> <li>• Business Plan review</li> <li>• New Product Review</li> <li>• Acquisition Opportunities</li> <li>• Idle/Excess Assets Available for Sale</li> <li>• Strategic Plans or Business Plans to determine matters the Company has identified as problems</li> <li>• Profit Improvement Plans</li> <li>• Key Factors in Achieving Productivity Increases</li> </ul> <p>RISK ASSESSMENT</p> <ul style="list-style-type: none"> <li>• Review of Potential Threats</li> <li>• Existing Contingency Plans</li> <li>• Additional Contingency Steps</li> <li>• Ability to Divest Assets, Entities</li> </ul> <p style="text-align: center;"><u>FINANCIAL DATA</u></p> <p>PAST AND CURRENT OPERATING STATEMENTS</p> <ul style="list-style-type: none"> <li>• Financial Statements for Past 5 Years by Subsidiary or Division</li> <li>• Current Interim Financials vs. Last Year Interim</li> <li>• Abnormal Non-recurring Income and expense Figures</li> <li>• Corporate Allocation Breakdown</li> <li>• Month-By-Month Financials Last 2 Years</li> <li>• Cost of Sales Breakdown by Component</li> <li>• Historical Capital expenditures and Depreciation</li> <li>• Sales by Product Line</li> <li>• Analysis of Acquisition</li> <li>• Projected financial statements and underlying assumptions for the next three years</li> <li>• CAPEX Analysis</li> <li>• Current Ratio</li> <li>• Net Working Capital</li> <li>• Inter-company Balances</li> <li>• Intangibles</li> <li>• Three year Historical Summary of Foreign and Domestic Sales and Margins</li> <li>• Cost of Sales by Product or Division</li> <li>• Tax benefits (NOL)</li> </ul>		<p>Originator</p> <p>Originator</p>

## MASTER DUE DILIGENCE CHECKLIST

Date Needed	Collected	Information Required	Source	Person Responsible
		<p>BACKLOG DATA</p> <ul style="list-style-type: none"> <li>Current Backlog data Itemized by Major Customer and Product</li> <li>Major Variances</li> </ul> <p>PROJECTED FINANCIALS</p> <ul style="list-style-type: none"> <li>Controls for Operating and Capital Budgeting, Responsibility Reporting and Forecasting</li> <li>Monthly Cash Flow Projections</li> <li>Assumptions Underlying all Projections</li> <li>P&amp;L Projections by Product Line and/or Service</li> <li>Expenses by Product Line and/or Service</li> <li>Cash Flow, Balance Sheet and Availability and Capital Expenditures on Monthly Basis for First Year and Yearly thereafter</li> <li>Most Likely and Downside Scenarios for above</li> <li>Capital Expenditure, Major Asset Dispositions and Repair and Maintenance Budgets and a Description of Significant Planned Expenditures for the Projected Years</li> </ul> <p style="text-align: center;"><u>AUDIT CHECK LIST</u></p> <p>CASH</p> <ul style="list-style-type: none"> <li>Description of the cash management and treasury functions and flow of funds</li> <li>List of all bank account (including lock boxes) detailing purpose, date opened and account number</li> <li>Bank reconciliations and supporting bank statements for the main operating accounts for the last three months</li> <li>Copies of Signature Cards of Authorized Signers for each Bank Account</li> <li>Schedule of all Marketable Securities held as of the latest Month end Close</li> </ul> <p>ACCOUNT RECEIVABLE</p> <ul style="list-style-type: none"> <li>Detail Terms of Sales and Discounts</li> <li>Detailed "Other" Receivable</li> <li>Accounts receivable summary for the last 12 months and most recent detailed aging</li> <li>Bad debt write-offs and charges to the reserve for the last 24 months</li> <li>Dilution for Last 5 years</li> <li>Accounts receivable aging reconciliation to the general ledger for the most current month</li> <li>Top 10 customers with current receivable balance aged</li> <li>Top 10 customers with YTD and prior year sales</li> </ul>		<p>Check with Oiginator before requesting any information in this section</p>



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		<ul style="list-style-type: none"> <li>• Analysis of past dues for the most current period</li> <li>• Descriptions of the revenue recognition, billing, credit and collection policies</li> <li>• List of all Customers with Extended Terms</li> <li>• Schedule of any product that has been billed but not delivered for the past twelve months</li> </ul> <p>INVENTORY</p> <ul style="list-style-type: none"> <li>• Vendor Terms</li> <li>• Manufacturing Cycle</li> <li>• Current Inventory Compared with Year Ago figures Broken Down by Raw Materials, Work in Process, Finished Goods</li> <li>• Inventory by Product Line</li> <li>• Length of Time Finished Products have been in Inventory</li> <li>• Work-In-Process Turnover</li> <li>• Total Inventory Turnover</li> <li>• Monthly Gross Margin Analysis</li> <li>• Schedule of Customized, Specialized or Limited Production Inventory as of the latest month end close</li> <li>• Description of inventory systems</li> <li>• Perpetual inventory report for the current period</li> <li>• Aged inventory report for the current period and last year end</li> <li>• Inventory, by month, by category for the past 12 months</li> <li>• List of inventory locations with current dollar and unit inventory (sorted by inventory type) and ownership/lease information for location</li> <li>• Gross margin by inventory category/product lines for the current period and last year end</li> <li>• Book-to-physical inventory adjustments for the past 12 months</li> <li>• Inventory reconciliation to the general ledger for the current year</li> <li>• Inventory obsolescence and write-off policy</li> <li>• Schedule/Reports calculating Slow-moving, Excess and Obsolete Inventory as of the latest month close</li> <li>• Methodology for cost accounting, description of standard cost system (process or job order costing)</li> <li>• In Transit Inventory</li> <li>• Consigned Inventory</li> <li>• Any Buyback Agreements with Vendors</li> <li>• Purchase and Return policy detail with Manufactures/Vendors</li> <li>• Landlord Waivers Necessary?</li> <li>• Method of Inventory Costing</li> <li>• Physical Inventory Count Results</li> <li>• Historical Surplus/Deficit Adjustments</li> <li>• Discussion of Anticipated or Actual Reserves in the Inv. Value</li> </ul>		<p>Originator</p> <p>Check with Originator before requesting information from IA</p>

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Date Needed	Collected	Information Required	Source	Person Responsible
		<p><b>FIXED ASSETS</b></p> <ul style="list-style-type: none"> <li>Any Prior/Current appraisals of M&amp;E and R/E (FIRREA basis appraisals, if available)</li> <li>Fixed asset ledger for current year, including Original Costs, Gross Depreciation, Depreciated Carrying Value, and Date of Acquisition</li> <li>Description of capitalization policy</li> <li>Annual repairs and maintenance expense for the past five years</li> <li>List of all facilities (owned and/or leased) including: address, size, capacity, utilization and current appraisal</li> <li>Listing of all Material Real Estate and Asset Holdings by Legal Entity Including: Owned w/Appraisals or Leased w/Terms, Location, Brief Description, Detail on Retail Facilities and Distribution Centers</li> </ul> <p><b>ACCOUNT PAYABLE</b></p> <ul style="list-style-type: none"> <li>Vendor Purchasing History</li> <li>Accounts payable aging for grower and other trade payable for the current period</li> <li>Reconciliation of aging to the general ledger for the current month</li> <li>Accounts payable turnover statistics for the last 12 months</li> <li>List of top 10 suppliers and purchase terms</li> <li>Monthly aging comparative analysis for the past 2 fiscal years</li> <li>Schedule of all Letters of Credit, including purpose</li> <li>Monthly roll forward of Accounts Payable for past 2 fiscal years</li> <li>Schedule of Notes Payable as of the latest month end close</li> <li>Schedule of Accounts Payable converted to Notes Payable</li> </ul> <p><b>OUTSTANDING DEBTS</b></p> <ul style="list-style-type: none"> <li>Creditors</li> <li>Amount of Note, Terms</li> <li>Contingent Liabilities</li> <li>Outstanding Warranties and Guarantees</li> </ul> <p><b>INSURANCE COVERAGE</b></p> <ul style="list-style-type: none"> <li>Description of Coverage</li> <li>Premiums</li> <li>Deductibles</li> <li>Expiration of Coverage</li> <li>Potential Renewal Problems</li> <li>Five year History of any losses or Settlements to include</li> </ul>		

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Date Needed	Collected	Information Required	Source	Person Responsible
		<p>Product Liability, Workman's Compensation and the like programs</p> <p><b>TAXES</b></p> <ul style="list-style-type: none"> <li>• Effective Tax Rate?</li> <li>• Federal Taxes - Any Years Still Open?</li> <li>• State and Franchise Taxes Current?</li> <li>• Any Significant Foreign Taxes?</li> <li>• Any Potential Areas of Exposure?</li> </ul> <p><b>GENERAL</b></p> <ul style="list-style-type: none"> <li>• Management letters prepared by the external auditors for the last two years</li> <li>• Discussion with external auditors and review of workpapers</li> <li>• List of internal audit reports generated the last two years and copies of selected internal audit reports</li> <li>• Copy of the General Ledger Chart of Accounts</li> </ul> <p style="text-align: center;"><u><b>LEGAL DUE DILIGENCE</b></u></p> <ul style="list-style-type: none"> <li>• Existing Intercreditor and Subordination Agreements (see Bus. D.D./R&amp;D)</li> <li>• Patent Filings Necessary? (see Bus D.D.)</li> <li>• Assignment of Claim Forms Necessary?</li> <li>• Transactions with Affiliates (see Bus. D.D./R&amp;D)</li> <li>• Certificate of Incorporation and By-laws</li> <li>• List of All Jurisdictions in which Co. is Authorized to do Business</li> <li>• List of All Corporations, Partnerships and other Business Entities Directly or Indirectly Controlled by Each Co. and Respective Capitalization of Each Co. including Identification of Minority Interests and Agreements to Sell or Issue any Capital Stock in any Such Entities</li> <li>• List of all Capital Stock and other Securities held by the Co. and a list of all Ownership Interests held by any of the Co.'s in any Business (see Bus. D.D.)</li> <li>• A list of all Corporate Names, Trade Names, Fictitious Names or other Names Under the Co. has done Business at any time During the past 5 years</li> <li>• All Guarantees and Indemnification Arrangements made by or in favor of any of the Co.'s</li> <li>• All Agreements (Including Intercreditor Agreements and Mortgages) Relating to or Creating Liens, Security Interests or Encumbrances on any Assets</li> <li>• All Non-Competition Agreements and Similar Agreements Restricting any of the Co.'s</li> <li>• All Employment, Consulting, Deferred Compensation, Bonus, Severance, Profit Sharing, Stock Option or Similar Plans or Agreements Affecting any Employee (see Bus</li> </ul>		

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Date Needed	Collected	Information Required	Source	Person Responsible
		<p>D.D.)</p> <ul style="list-style-type: none"> <li>• All Agreements made Terminable or the Terms of Which may be Altered Upon a Change of Control</li> <li>• All Contracts Not in the Ordinary Course of Business</li> <li>• All Agreements with any Member of Senior Management (see Bus D.D. - Management)</li> <li>• All Supply Agreements</li> <li>• All Trust Agreements</li> <li>• Copies of all Insurance Policies in Force</li> <li>• A list of all Material Permits, Licenses, Consents and Authorizations Required to Conduct the Business</li> <li>• Copies of all Reports, Including any Existing Phase 1 or Phase 2 Reports, Records and Correspondence with Respect to Environmental Permits, Conditions, Claims, Hazards or Compliance</li> <li>• List of All Real Property Owned or Leased and the Address and Description of Each such Location Stating Whether such Location is Owned or Leased</li> <li>• List of all Locations at Which Inventory of any of the Credit Parties is Maintained</li> <li>• The Address of the Principal Place of Business and Chief Executive Office</li> <li>• Copies of all Tax Returns for the Last Three Years</li> <li>• All Federal Taxpayer Identification Numbers</li> <li>• All Benefit Plans and all Amendments thereto</li> <li>• For each Benefit Plan, the most recent (i) IRS Form 5500 or 5500-C, (ii) Summary Plan Description and any Material Modifications thereto, (iii) Annual Report, (iv) Trust Agreement, (v) Actuarial Valuation Report, if any, and (vi) Actuarial Study of the Liabilities for Post-Employment Medical or Life Benefits, if any</li> <li>• List of All Outstanding Awards and the Recipients thereof under each such Plan</li> <li>• All Material Communications to or from the IRS, the Department of Labor or the Pension Benefit Guaranty Corporation relating to any Benefit Plan</li> <li>• List of all Trademarks, Tradenames, Copyrights and Patents owned</li> <li>• All Licenses, Franchise or other Agreements Relating to Trademarks, Tradenames, Copyrights, Patents, Technology, Know-how, Processes, and any Employee Trade Secret and Nondisclosure Agreements</li> <li>• Copies of all Management Letters Delivered During the past two years from Independent Public Accountants</li> <li>• Copies of all Filings and Correspondence with the Securities and Exchange Commission made during the past Twelve Months</li> </ul>		

## APPENDIX B

### LOAN DOCUMENTATION QUESTIONNAIRE

In an effort to make the documentation process as efficient as possible, please complete/compile the following information. A quick response and accurate completion can save both time and closing costs. Please submit the following upon acceptance of GE Capital's Commitment.

1) Please complete a corporate/shareholder chart substantially in the form of Exhibit "A"

2) Submit Certificates of Incorporation and By-laws for all borrowers.

3) List all Jurisdictions in which companies are authorized to do business in:

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4) The Corporation is authorized to transact business as a foreign corporation in the following states:

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5) Provide copies of insurance policies in force.

6) Provide copies of all reports, including any Existing Phase 1 or Phase 2 Reports, Records and Correspondence with respect to environmental permits, conditions claims hazards or compliance.

7) If proceeds are financing an acquisition, Please supply the following:

Sellers Legal Name: \_\_\_\_\_  
Type of Corporation: \_\_\_\_\_  
Charter State: \_\_\_\_\_  
EIN: (if known) \_\_\_\_\_

8) The Corporation uses and owns the following trade names or trade styles:

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9) Please complete the following schedules:

B. EXISTING LENDERS: PLEASE provide the full legal name of existing lenders, the entities which are borrowers or guarantors, their collateral, and approximate payoff amount at the targeted closing date.

Prior Lenders Full Legal Name	Collateral	Estimated Payoff Amount at Closing
For Example: First Target Bank	Blanket lien on all assets	\$ 8,000,000

Prior Lenders Full Legal Name	Collateral	Estimated Payoff Amount at Closing

ARE THERE ANY EXISTING INTERCREDITOR AGREEMENTS? ☐ YES ☐ NO. IF YES, PLEASE PROVIDE A COPY.

PLEASE SUBMIT COPY OF EXISTING LOAN AGREEMENT (IF NOT PREVIOUSLY PROVIDED).

C. DOCUMENT DISTRIBUTION: List the name, address, title, telephone number and fax number of each person (including outside counsel) who is to receive draft documents.

Name/ Title	Address	Phone	Fax
For Example: John Doe (President)	100 Foxriver Drive Anywhere, NY 10070	(208) 388-9991	(208) 388-9988
Hope & Hope Attn: John Hope, Esq. (Outside Counsel)	100 Esquire Drive Anywhere, NY 10070	(208) 388-1000	(208) 388-2000

Name/ Title	Address	Phone	Fax

D. GUARANTORS: Please list all guarantors (individuals or corporations) required by GE Capital.

Name	Address for Notices	Phone for Notices	Fax for Notices
For Example: John A. Doe (Principal)	100 Dearborn Drive Anywhere, NY 10070	(208) 388-8888	(208) 388-8999
Acme Holding Co., Inc. (Parent Co.)	100 Foxriver Drive Anywhere, NY 10070	(208) 388-9999	(208) 388-9988
Acme Distribution Corp. (Sister Co.)	100 Sales Office Drive Anywhere, NY 10070	(208) 388-9999	(208) 388-9988

Name	Address for Notices	Phone for Notices	Fax for Notices

**E) SIGNORS:** List the full name and title of person signing the loan documents (usually the President or Chief Executive Officer).

Legal Name/ Position	Address
For Example: John A. Doe	President of Acme, Inc. (Borrower)
Peter J. Smith	President of Acme Holding Co., Inc. (Parent)
John A. Doe	President of Acme Distribution Corp. (Sister Affiliate)

Legal Name/ Position	Address

**F) SECRETARIES:** LIST the legal name of the Secretary of the Borrower(s) and other Credit Party(s).

Company Name	Secretary's Full Legal Name
For Example: Acme, Inc. (Borrower)	Adam A. Smith
Acme Holding Co., Inc. (Guarantor)	John A. Hancock
Acme Distribution Corp. (Guarantor)	Samuel Adams

Company Name	Secretary's Full Legal Name



**G) LANDLORD AND MORTGAGEE WAIVERS:** List the address (including county) of each location where the Borrower and the other Credit Parties have an office, warehouse, operational plant, sales office, etc. (including all locations where collateral is kept or stored) and include the legal name of the landlord, the mortgagor (if the property is owned), or warehouseman (if a warehouse).

LOCATION ADDRESS	COUNTY	TYPE	NAME AND ADDRESS OF LANDLORD/MORTGAGOR/WAREHOUSE
For Example: 100 Foxriver Drive Anywhere, NY 10072	Kings County	Borrower's Corporate Headquarters (leased property)	Landlord: Office Realty, Ltd. 100 Leasehold Drive Anywhere, NY 10070  Attn: Robert A. Jones, Manager Phone: (208) 389-1000 Fax: (208) 389-2000
100 Storage Drive Supplytown, PA 90070	Queens County	Borrower's Inventory Storage (owned property)	Mortgagor: GE Capital Commercial Real Estate 100 Fee Simple Drive Stamford, CT 06927  Attn: Thomas Jefferson Phone: (203) 357-3700 Fax: (203) 357-3900
100 Tiger Drive Someplace, NY 10082	Westchester County	Acme Distribution Corps. sales office (leased property)	Landlord: Fee Simple Realty Corp. Titledown, PA 90070  Attn: Andrea Bocelli, Manager Phone: (215) 398-8000 Fax: (215) 398-9000

LOCATION ADDRESS	COUNTY	TYPE	NAME AND ADDRESS OF LANDLORD/MORTGAGOR/WAREHOUSE

H.) Bank ACCOUNTS: List depository accounts which will function as the blocked and/or lockbox accounts for the Borrower.

ACCOUNT NAME/ACCOUNT #ABA	CONTACT PERSON BANK MAILING ADDRESS	PHONE #	FAX #
i.e. "Acme Lockbox Account" Account No. 60-232-854 ABA No. 011-001-033	Doris Adams Bankers Trust Company 1 Bankers Trust Plaza New York, NY 10015	212-952-4182	212-958-7083

ACCOUNT NAME/ACCOUNT #ABA	CONTACT PERSON BANK MAILING ADDRESS	PHONE #	FAX #